

Message Text

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43

ACTION CU-03

INFO OCT-01 EUR-12 ISO-00 TRSE-00 SSO-00 CIAE-00 INR-07

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC PRIORITY 7226

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STATE FOR ASSISTANT SECRETARY RICHARDSON, CU/EE, EUR, SOV,
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E. O. 11652: N/A

TAGS: SCUL, UR

SUBJ: CULTURAL PRESENTATIONS: U.S. TAX RULING AFFECTION
SOVIET ARTISTS

REF: A. STATE 032552

B. MOSCOW 0358

C. MOSCOW 1926

1. SHELDON GOLD, GEORGE PERPER OF HUOK CONCERTS, INC., AND
MARTIN FEINSTEIN, DIRECTOR, KENNEDY CENTER, ASKED DISCUSS WITH
EMBASSY FEBRUARY 13 MATTER OF NEW IRS RULING THAT EARNINGS BY
GOSKONTSERT ARE SUBJECT TO US TAXES AMOUNTING TO APPROXIMATELY
30 PERCENT OF FEES, UNLESS MINCULT CAN SATISFY TO IRS THAT
GOSKONTSERT HAS GOVERNMENTAL STATUS.

2. PROBLEM IS THAT IRS HAS SENT QUESTIONNAIRE REQUIRING
SPECIFIC DOCUMENTATION SO THAT IRS ITSELF CAN DETERMINE
STATUS OF GOSKONTSERT. (COPY OF QUESTIONNAIRE BEING POUCHED
TO YOU FEBRUARY 16.) QUESTIONNAIRE WAS DISCUSSED THIS WEEK
BETWEEN HUOK GROUP AND MINCULT (BUTROVA).

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3. BUTROVA SAID MINISTRY WOULD BE WILLING CERTIFY STATE

SPONSORSHIP OF GOSKONTSERT AND WILL SNED AIDE-MEMOIRE TO U.S. EMBASSY AND TO AMBASSADOR DOBRINYN. MINCLUT, HOWEVER, APPEARS TO HAVE NO INTENTION OF ANSWERING QUESTIONNAIRE. BUTROVA, VIEWING QUESTIONNAIRE AS INTERFERENCE IN SOVIET INTERNAL AFFAIRS, SAID QUOTE SOME QUESTION ARE IMPROPER UNQUOTE. SHE WAS QUOTED AS SAYING IF MATTER IS NOT CLEARED UP, THERE WOULD HAVE TO BE RECIPROCAL ACTIONS AGAINST US PERFORMING ARTS GROUPS IN THE USSR AND THAT THIS WOULD JEOPARDIZE THE ENTIRE CULTURAL EXCHANGE PROGRAM. ACCORDING TO HUOK GROUP, BUTROVA IMPLIED STATE DEPARTMENT OR EVEN CIA BEHIND WHOLE MATTER.

4. IN EMBASSY VIEW, DETAILED QUESTIONS INVOLVING GOSKONTSERT WORLDWIDE AND INTERNAL FINANCES WILL NEVER BE ANSWERED BY SOVIETS. ACCORDING TO HUOK GROUP, IRS ONLY A FEW DAYS AGO INSISTED EACH QUESTION MUST BE ANSWERED EVEN IF QUOTE NOT APPLICABLE UNQUOTE. THIS ALSO UNACCEPTABLE TO SOVIETS. DANGER IS THAT IMPASSE WILL DEVELOP WHICH WILL LEAD TO BREAKDOWN IN SOVIET PROGRAMS PLANNED FOR NEAR FUTURE AND CONSEQUENT RECIPROCAL ACTION AGAINST U.S. PROGRAMS.

5. ALTHOUGH HUOK GROUP AND FEINSTEIN REALIZE STATE CANNOT PLAY CENTRAL ROLE IN MATTER, FEINSTEIN WILL BE BACK IN WASHINGTON FEBRUARY 19 AND INTENDS TRY SEE YOU IMMEDIATELY TO DISCUSS PROBLEM. EMBASSY WILL REQUEST MINCULT TO SEND AIDE MEMOIRE AS SOON AS POSSIBLE. NEXT STEP APPEARS TO BE FOR HUOK GROUP TO SUBMIT THIS TO IRS IN LIEU OF DETAILED DOCUMENTATION. REFTEL A NOTES STATE DEPARTMENT MAY ATTEND MEETING AS INTERESTED OBSERVER. IF, BEFORE OR AFTER IRS STUDY OF AIDE MEMOIRE, DEPARTMENT DESIRES EMBASSY TO ATTEMPT OBTAIN REPLIES TO ANY MORE GENERAL AND LESS OBJECTIONABLE QUESTIONS, PLEASE ADVISE DETAILS.
STOESSEL

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